

The Poverty Reduction Strategy Papers should be prepared through a process of outreach to civil society in the country concerned. Donors should also be actively involved and use the papers to guide their aid flows. These papers represent an extraordinary opportunity and a major challenge to HIPC's and to all ESAF and IDA [International Development Association] countries to take full charge of their development and poverty-reduction strategy.



Development Committee Chair Tarrin Nimmana-haeminda (left) and Managing Director Michel Camdessus

We in the IMF stand ready to assist country authorities in this process, together with our colleagues from the Bank. But please remember, with a full sense of responsibility, that the Poverty Reduction Strategy Papers represent a daunting challenge for the Bank and the IMF. The process will require a change in the way both institutions work, and to be effective it must be a top priority, with the needed

resources provided for both institutions. In this regard, I am particularly conscious of the burden that it will place on Jim Wolfensohn's staff, where the expertise on poverty reduction lies.

The challenge is magnified by the wish of the international community to accelerate debt reduction and achieve the goal that three-fourths of eligible HIPC's be brought into the process by the year 2000. This is a superb objective. But I will not disguise my concern about the dangers of this timetable.

The process of ownership outreach and participation takes time. There is a tension between these goals and accelerating debt relief, and we must resolve this tension by a formidable effort on all sides to meet this challenge. Hopefully we can successfully marry these ambitious goals. But if we have to choose, we should choose substance over timing.

Our primary aim should be to use debt relief under the HIPC Initiative to help achieve faster, higher-quality growth, combined with effective poverty reduction. We do the HIPC no favor if we put at risk these objectives for the sake of achieving this or any timetable.

A second issue relates to the timing of the completion point. We, along with the Bank and the Paris Club, will be providing significant debt relief during the interim period to the completion point. This, along with the calculation of debt relief at the decision point, has reduced the importance of the completion point. As debt relief is provided irrevocably under the initiative, it is particu-

larly important that by the completion point the process of poverty reduction is well established, the policies elaborated and being implemented, the needed institutions developed, and initial results becoming evident. We must send a clear and coherent message that poverty reduction, and ultimately eradication, is the goal of the international community, and that on this goal we should not, and will not, compromise.

We must also show the world in the future that debt relief was put to effective use and that it was a valuable instrument to achieve what I call the seven pledges to promote human development. [See *IMF Survey*, October 11, page 310.] Central among them are reducing extreme poverty by half by the year 2015, and eliminating gender disparity in primary and secondary education—the most powerful instrument for women's empowerment—by the year 2005.

This effort we have here, with the serious implementation of the new HIPC Initiative, is the instrument for that. Let's do it. ■

For a comprehensive description of the HIPC Initiative, please see IMF Pamphlet No. 51, *Debt Relief for Low-Income Countries and the HIPC Initiative*, by Anthony R. Boote and Kamau Thugge, 1999.

Available on the web (www.imf.org)

News Briefs

99/72: IMF Completes Review and Approves \$10.6 Million Credit Tranche for Malawi, October 25

Public Information Notices (PINs)

99/96: Sri Lanka, October 22
99/97: Netherlands, October 25
99/98: Portugal, October 22
99/99: Costa Rica, October 26
99/100: France, October 28
99/101: Germany, November 3

Letters of Intent

Cambodia, September 29
Djibouti, October 2
Malawi, October 6

Policy Framework Papers

Djibouti, October 2
Cambodia, October 6

Notes: PINs are IMF Executive Board assessments of members' economic prospects and policies. They are issued following Article IV consultations—with the consent of the member—with background on the members' economies and following policy discussions in the Executive Board at the decision of the Board.

Letters of Intent are prepared by a member country and describe the policies that the country intends to implement in the context of its request for financial support from the IMF.

Policy Framework Papers are prepared by the member country in collaboration with the staffs of the IMF and the World Bank. These documents, which are updated annually, describe the authorities' economic objectives and macroeconomic and structural policies for three-year adjustment programs supported by Enhanced Structural Adjustment Facility resources.